

For



H. Paulin & Co. Limited

**INTERIM REPORT
TO SHAREHOLDERS**



TO OUR SHAREHOLDERS:

H. Paulin & Co., Limited and its wholly-owned subsidiary

CONSOLIDATED STATEMENT OF INCOME (unaudited) Six Months ended June 30, 1975 with 1974 comparisons

	1975	1974
Sales	\$ 6,238,700	\$ 7,211,200
Income from operations before the undemoted	726,302	1,011,800
Depreciation and amortization	116,000	82,000
Income from operations	610,302	929,900
Taxes on income	280,707	437,000
Net income	329,595	492,800
Earnings per share (1,050,000 shares)	31 ¢	47 ¢

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION (unaudited) Six Months ended June 30, 1975 with 1974 comparisons

	1975	1974
Source of funds:		
From operations	\$ 329,595	\$ 492,800
Net income	116,000	82,000
Add depreciation		
	\$ 445,595	\$ 574,800
Use of funds:		
Additions to fixed assets	\$ 288,000	\$ 160,600
Increase in working capital	157,595	414,200
	\$ 445,595	\$ 574,800

We submit herewith the interim statement of your Company for the six months ended June 30, 1975 which indicates after-tax profits of \$329,595 or 31 cents per common share. This compares with \$492,800 or 47 cents per share for the same period in 1974 and represents a decrease in earnings of 33%.

Sales volume at \$6,238,700 is 13.5% less than the \$7,211,200 sales for the six months ended June 30, 1974.

In 1975 to date we have invested \$293,000 in capital equipment. This represents about 80% of the total to be spent this year on the purchase of new equipment. Concerted efforts are being made to develop new markets and to bring out new and improved products to utilize our increased production capacity.

Our sales for the first half of the year reflect the general decline in activity in the Canadian economy. The adverse effect on our profits has been increased by the continual rise in expenses, many of which are not directly related to sales.

An improvement in sales to our vehicle manufacturer and related customers is expected and some guarded optimism is being expressed for third and fourth quarter results.

August 12, 1975
ARTHUR PAULIN
President